

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-20 AID-05 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03 H-02
PA-02 CIAE-00 COME-00 FRB-01 INR-10 NSAE-00
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FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 2346
INFO EC COLLECTIVE

UNCLAS THE HAGUE 1756

REF: THE HAGUE 1756

E.O. 11652: N/A
TAGS: EGEN, EFIN, NL
SUBJ: DUTCH BANKER CALLS FOR US TO BORROW ABROAD TO SUPPORT DOLLAR

REF: THE HAGUE 1100

1. DUTCH PRESS HAS GIVEN SUBSTANTIAL PLAY TO MARCH 29 SPEECH
IN CHICAGO BY FORMER TREASURER-GENERAL CONRAD J.OORT, NOW
A DIRECTOR OF ALGEMENE BANK NEDERLAND, CALLING FOR US TO
REESTABLISH CONFIDENCE IN DOLLAR BY BORROWING FOREIGN CURRENCIES
ON THE INTERNATIONAL MARKET. OORT MADE HIS REMARKS IN A SPEECH
ENTITLED "EUROPE AND THE DECLINE OF THE DOLLAR" TO A GROUP OF
CHICAGO BANKERS. HE SAID SUCH A BORROWING POLICY WOULD INDICATE
A US COMMITMENT TO A RATIONAL EXCHANGE RATE POLICY. OORT REJECTED
THE IDEA THAT THE DOLLAR IS STILL OVERVALUED BECAUSE LARGE US
PAYMENTS DEFICITS CONTINUE. HE SAID THIS DEFICIT WILL "VANISH"
WHEN THE US INTRODUCES AN EFFECTIVE ENERGY POLICY. EXPRESSING
A FEAR THAT THE DOLLAR ISSUE WILL PUSH SOME COUNTRIES TOWARD
PROTECTIONIST MEASURES, OORT PRAISED THE RECENT US-GERMAN DOLLAR
SUPPORT PACKAGE ANNOUNCED MARCH 13, SAYING SUCH ARRANGEMENTS COULD
REVERSE THE TREND AGAINST THE DOLLAR. ONCE PEOPLE REALIZED THE
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DOLLAR SLIDE HAD STOPPED, OORT SAID, THERE COULD BE A STAMPEDE
INTO THE U.S. CAPITAL MARKET AS FOREIGNERS SEEK TO SNAP UP
ASSETS AT BARGAIN RATES IN THE WORLD'S STRONGEST, MOST DYNAMIC
AND POLITICALLY STABLE ECONOMY.

2. OORT'S CALL FOR THE US TO ENTER THE INTERNATIONAL CAPITAL
MARKET TO SUPPORT THE DOLLAR ECHOES OTHER RECOMMENDATIONS THE

EMBASSY HAS HEARD IN BUSINESS AND GOVERNMENT CIRCLES IN RECENT WEEKS. FOR EXAMPLE, THE DEPUTY DIRECTOR OF THE CENTRAL PLANNING BUREAU TOLD US MARCH 28 THAT HE COULD NOT UNDERSTAND WHY THE US HAS NOT UNDERTAKEN THIS STEP. HE THOUGHT THAT FAILURE TO DO SO WAS UNDERMINING THE TREASURY'S ARGUMENT THAT IT IS PREPARED TO DEFEND THE DOLLAR AGAINST UNWARRANTED MARKET PRESSURES. MARCH 1 FINANCE MINISTER ANDRIESEN PUBLICLY URGED THE US TREASURY TO TAP INTERNATIONAL CAPITAL MARKETS (THE HAGUE 1100). BROWN

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